



Employers Who Had Fifty or More Employees Using MassHealth, Commonwealth Care, or the Uncompensated Care Pool/Health Safety Net in State FY08

**A Report by the Executive Office of Health and Human Services
Division of Health Care Finance and Policy**

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Executive Summary

The Commonwealth's landmark health care reform legislation of 2006 recognizes the key role that employers play in achieving its goal of near universal coverage. A number of provisions in the law act as incentives for employers to maintain health coverage, including the individual mandate. In the interest of attracting or retaining a qualified workforce, some employers will begin to offer, continue to provide, or upgrade coverage.

The Massachusetts Division of Health Care Finance and Policy (the Division) annually produces a report identifying employers with 50 or more employees receiving health services through publicly subsidized programs. The Division released its first report on this topic in 2005 in response to Section 304 of Chapter 149 of the Acts of 2004. This edition provides information on state fiscal year 2008 (FY08), which began July 1, 2007 and ended June 30, 2008. The report estimates expenditures for employees and dependents in MassHealth (Medicaid), and Commonwealth Care. The report also estimates expenditures for employees using the Uncompensated Care Pool (UCP) and for both employees and their dependents using the Health Safety Net (HSN). The HSN replaced the UCP beginning October 1, 2007; for the purpose of this report, the costs associated with these two programs are combined.

Beginning with the report for state FY07, the Division significantly enhanced its methodology for identification and verification of employer-employee relationships. This edition continues to use the improved methodology to identify companies with 50 or more employees receiving health care services through publicly subsidized programs during state FY08. The Division reports the total number of employees, their dependents, and the cost of services used, by program, for each employer with 50 or more employees using state subsidized services. The analysis was developed using a two-pronged approach:

- In collaboration with the Department of Revenue (DOR), the Office of Medicaid, and the Commonwealth Health Insurance Connector Authority, the Division identified employees through matches with DOR's quarterly wage reporting files to create employer-level summaries of the number of employees and the value of services provided to them and to their dependents.
- For individuals who could not be matched with DOR records due to the lack of a valid social security number (SSN), the Division examined the self-reported employment status. Self-reported employment information was obtained from MassHealth and Commonwealth Care member eligibility records and from information on hospital claims submitted to the UCP or HSN. Prior to state FY07, reports issued by the Division were based solely on self-reported employment information.

Key Findings

In state FY08:

- An estimated \$793.7 million in public funds were spent on health care services through MassHealth, UCP/HSN, or Commonwealth Care for Employees¹ and their dependents.
- Just over 302,000 Employees received publicly subsidized care at a cost of \$490.7 million: \$289.7 million through MassHealth, \$65.5 million through the UCP and HSN, and \$135.4 million through Commonwealth Care.
- In addition, over 230,000 dependents of these Employees received publicly subsidized care at a total cost of \$303.0 million: \$283.4 million through MassHealth; \$9.7 million through the UCP and HSN; and \$10.0 million through Commonwealth Care.

Between state FY07 and state FY08:

- Total FY08 spending of \$793.7 million for Employees and their dependents increased by 24.6% over the FY07 estimate of \$636.8 million. Much of this increase was associated with the Commonwealth Care program. FY07 Commonwealth Care expenditures represented only a partial year of enrollment as the program was implemented mid-year. Therefore, this increase in identified Commonwealth Care expenditures was to be expected.
- The number of Employees and their dependents using publicly subsidized care grew by 12.2%.
- Growth in the total cost of services was driven mostly by costs for coverage of Employees, which increased by 32.0%, while costs for coverage of their dependents increased by 14.3%. The increase in cost for coverage of Employees is a result of the growth of the Commonwealth Care Program, in which the majority of users are identified as Employees.
- The number of Commonwealth Care Employees in FY08 was 101,000 reflecting a growth of nearly 76,000 enrollees during the second year of the program. Costs associated with the program rose significantly (487.1%) compared to state FY07. As state FY07 captured only a partial year of Commonwealth Care operations, this increase is consistent with enrollment growth.
- MassHealth costs for Employees and their dependents increased by 14.7% between state FY07 and state FY08.
- Costs associated with UCP and HSN Employees declined by 33.1% compared to UCP costs in state FY07 reflecting the new eligibility rules for the HSN, which were implemented October 1, 2007.

¹For the purpose of this report, “Employees” with a capital “e” refers to the group of individuals who used publicly subsidized care who are employed with firms with at least 50 employees who used publicly subsidized care; “Employers” with a capital “e” refers to those firms with at least 50 employees using publicly subsidized care.

- The unique number of Employees across all programs increased by 19.0% and the total number of dependents across all programs increased by 4.4%.
- The number of Employers with 50 or more Employees in state FY08, compared to state FY07, increased by 251 firms (17.0%), from 1,474 in state FY07 to 1,725 in state FY08.

Discussion

- **It is not surprising that the number of employed people covered through publicly subsidized health programs increased during this time period.** A key purpose of health care reform was to expand coverage to the uninsured working poor who often do not have access to health insurance through their employer and cannot afford to purchase it on their own. Since the July 2006 implementation of health care reform, over 432,000 more residents have coverage. Approximately 169,000 individuals have enrolled in Commonwealth Care and 76,000 in MassHealth while 187,000 have enrolled in private coverage either through their employer or through individual purchase of insurance. In its 2008 household survey, the Division found that 67% of the uninsured are employed; however, 47% of the working uninsured are employed at firms that do not offer health insurance. Part time workers, 17% of the working uninsured, are not likely to be eligible for employer-sponsored coverage.
- **Massachusetts employers are national leaders in providing workplace access to health insurance.** The Division's 2007 employer survey found that 72% of Massachusetts employers offer health insurance to their employees, whereas in 2007 only 60% of employers nationwide offered coverage. This rate is even higher for Massachusetts employers with more than 50 employees, of which 99% offer coverage.
- **Not all employees are eligible for coverage, even at firms offering health insurance.** Fifty-nine percent of Massachusetts employers require a waiting period of at least one month before new employees may access health insurance benefits, and 37% of the surveyed employers require at least a three-month waiting period. In addition, in 2007, only 25% of the surveyed employers were found to offer health insurance to their part-time employees, and among those firms, 73% required that employees work at least half time.
- **Employees counted in this analysis worked for firms that did not offer health insurance, or were ineligible for the insurance package offered** (e.g., part-time and contract employees are often ineligible for benefits and new hires are frequently subjected to waiting periods). The analysis excludes MassHealth Premium Assistance members, for whom MassHealth assists with the purchase of employer-sponsored insurance (ESI). In such cases MassHealth benefits are secondary to coverage obtained through their employer. Employees are eligible for subsidized Commonwealth Care plans if the employer does not contribute at least one-third of an individual plan's premium. The state has processes in place to ensure that, where available, ESI is leveraged. Both the MassHealth and Commonwealth Care eligibility determination processes include an evaluation of an applicant's access to ESI. In some cases, employees with access to ESI may be eligible for supplemental benefits from MassHealth. The availability of ESI was not a factor in determining UCP or HSN eligibility

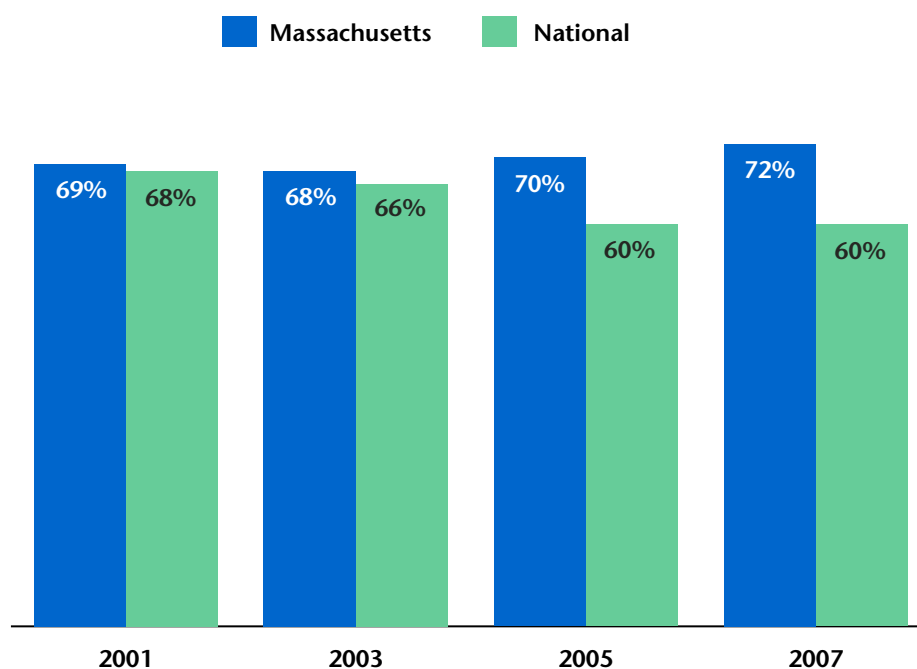
during the time period covered by this report. Therefore, the employees and dependents identified as receiving care through the UCP or HSN may have had access to ESI.

Together these factors suggest that the uninsured are less likely to have access to ESI despite a high rate of employment. Affordable health insurance coverage through MassHealth or Commonwealth Care may be the only way for low-income uninsured people to obtain coverage. For individuals ineligible for these programs, the UCP and HSN serve as a safety net to cover some of their care needs.

Background

Most people in Massachusetts and throughout the United States receive health insurance through their employers. Massachusetts employers have maintained a strong role in the provision of health insurance coverage, even as this role is eroding at the national level. A 2007 survey conducted for the Division of Health Care Finance and Policy found that 72% of Massachusetts employers offer health insurance to their employees, compared to only 60%² nationally. The percentage of Massachusetts employers offering health insurance has held steady in recent years, while nationally, the rate has been falling (see Figure 1). Large employers with more than 50 employees – those examined in this report – are even more likely to offer health insurance to their employees, with 99% of large employers in Massachusetts offering coverage in 2007 compared to 97% in 2005.

Figure 1: Employer-Sponsored Insurance



Source: Massachusetts data from DHCFP Employer Survey for 2001, 2003, 2005 and 2007. National data from Kaiser/HRET Survey of Employer-Sponsored Health Benefits 1999-2007

A 2008 survey conducted by the National Opinion Research Center for the Robert Wood Johnson Foundation (NORC/RWJF) found that the trend continued in 2008. The survey indicated that 79% of Massachusetts employers offer health insurance to their employees, compared to only 63% nationally.³

² Kaiser/HRET Employer Health Benefits 2007 Annual Survey

³ 2008 data from National Opinion Research Center/Robert Wood Johnson Foundation article "After the Mandates" in Health Affairs 27, no. 6 (2008): w566–w575 (published online 28 October 2008; 10.1377/hlthaff.27.6.w566).

However, employer-sponsored insurance (ESI) may not be available to all employees. Employers may not offer health insurance benefits to their contract employees, may impose waiting periods for benefits, or may offer benefits only to full-time employees.

The NORC/RWJF survey found that 59% of employers require a waiting period before new employees may access health insurance benefits and 37% of these employers require employees to wait at least three months. During the waiting period employees may be uninsured, covered through COBRA, or, if eligible, may access care through public programs.

In most instances, employers offer health insurance only to their full-time employees, leaving part-time workers uninsured. In 2007, only 25% of Massachusetts employers offered health insurance to part-time employees. Among those that did offer to part-time employees, nearly three-quarters (73%) required that employees work at least half time. As a result, part-time employees may end up uninsured or, if eligible, access care through MassHealth, Commonwealth Care, or the Uncompensated Care Pool (UCP), which is now the Health Safety Net (HSN).

The above findings are corroborated by the Division's household survey on insurance status. In 2008, the Division found that most (67%) uninsured are employed; however, nearly half (47%) of the working uninsured are employed at firms that do not offer health insurance. Approximately one-sixth (17%) of the working uninsured work part time, making them less likely to be eligible for employer-offered insurance.

Low-income workers face further challenges affording employer-sponsored insurance even if it is offered. According to the Division's 2007 employer survey, the average employee monthly contribution to health insurance premiums per month for individuals was \$114. The average monthly contribution for families is \$305. Contribution to Commonwealth Care plans effective during the time period studied in this report ranged from fully subsidized to \$105 a month depending on household income.

This report summarizes data on the utilization of publicly subsidized health care programs by employed individuals and their families during state FY08 (July 1, 2007 through June 30, 2008). The data exclude members of these programs with access to ESI (e.g., MassHealth Family Assistance). Therefore, the data reflect populations that, while employed, do not otherwise have access to subsidized health insurance.

Methodology

This section describes the methods used by the Division, in collaboration with staff from the Department of Revenue (DOR), the Office of Medicaid (MassHealth), and the Commonwealth Health Insurance Connector Authority to conduct this analysis. Data for these reports were analyzed in accordance with the security and confidentiality standards administered by the Executive Office of Health and Human Services and the DOR.

Beginning with the report for state FY07,⁴ the Division implemented a new methodology to identify employment information for persons receiving publicly subsidized care. In prior years, the report analyzed only self-reported employment records. This state FY08 analysis includes results of matching of eligibility files with DOR's quarterly employment records as well as the self-reported employment methodology for individuals whose eligibility records lack a valid social security number (SSN) and could not be matched with DOR employment records. Since SSN is not a required field for the purpose of determining eligibility, not all persons accessing care through publicly subsidized programs could be matched to DOR records. Therefore, the DOR match approach, while accurate, shows only a portion of the employment information for MassHealth members and persons accessing care through the UCP and HSN.

The key steps involved in developing this analysis included:

- identifying employees and their dependents who used publicly subsidized health care services;
- identifying costs of care provided to employees, spouses, and dependents, by program;
- aggregating costs by employer; and
- identifying employers with 50 or more unique Employees who used publicly subsidized care.

Methodology for DOR Match Records

Identifying Employees who Accessed Publicly Subsidized Care

The first product of the analysis was a list of individuals who were either eligible for MassHealth or Commonwealth Care or who had received UCP or HSN services during state FY08 and who had a work history reported to the UCP or HSN during the same calendar quarter.

In state FY06, the analysis included only MassHealth and UCP services; in state FY07, Commonwealth Care was implemented with program costs in the form of capitation payments beginning November 1, 2007. In state FY08, a full year of Commonwealth Care enrollment and expenditures is now included, compared to the partial year FY07 information.

⁴ Employers Who Had Fifty or More Employees Using MassHealth, Commonwealth Care, or the Uncompensated Care Pool in State FY07: http://www.mass.gov/Eeohhs2/docs/dhcfp/r/pubs/08/50_plus_employees_exec_sum.pdf

MassHealth and Commonwealth Care Members

For MassHealth and Commonwealth Care members, the Division examined eligibility records to identify all individuals who had records containing an SSN. The state's benefits eligibility forms include a field for the SSN, but it is not required for eligibility determination.

The Division performed an analysis to identify household members associated with an individual. Using coding within the MA-21 eligibility files, the Division identified households and members of that household reported as "self," "spouse," "child," or "stepchild." Those identified as a child or stepchild of an identified employee were included in the analysis of dependents. Only individuals identified as "self" or "spouse" were included in the file sent to DOR for comparison to employment data.

Note that the household analysis occurs prior to the employment analysis. If a spouse is not employed, the spouse will be counted as a dependent of the "head of household." If a spouse is also employed, the spouse will be counted as a dependent and as an Employee of an Employer. This analysis provides unique or distinct counts and attributes costs only once.

Commonwealth Care is for adults only; therefore, any reference to "dependents" under the Commonwealth Care program refers to non-working spouses or older dependent children (who were no longer eligible for MassHealth) whose expenses were associated with the working spouse's Employer.

MassHealth Premium Assistance members were excluded from the analysis because the benefits paid through this program are secondary to coverage obtained through the employer.

Persons who Received Services through the UCP or HSN

Individuals who accessed care through the UCP or HSN were identified through information provided by hospitals and community health centers on claims submitted to the Division. The analysis included Emergency Room Bad Debt (ERBD), Medical Hardship, and services that supplement other medical coverage. SSNs may be included in the patient-specific data that documents UCP and HSN services. However, SSN is not a required field and providers are not required to validate the accuracy of SSNs before transmitting the patient-specific data to the UCP or HSN. In an effort to increase the number of records with a potentially valid SSN, the Division matched UCP and HSN claims without SSNs to MA-21 eligibility files. Any resulting SSN information was included in the file for the DOR match. As with the MassHealth and Commonwealth Care data, the file that was prepared for review against DOR quarterly employment data could have contained inaccurate SSNs, or inaccurate name and SSN combinations.

Matching MassHealth, Commonwealth Care, and UCP/HSN Records with DOR Records

DOR analysts compared the Division's MassHealth, Commonwealth Care, and UCP/HSN SSN lists to quarterly wage reporting files. Quarterly wage reporting files capture employer-submitted information on current employees, including name and SSN. These records do not include self-employed individuals, who are not required to file employer wage reports.

DOR's wage match protocol examines SSNs and utilizes enhanced name match logic. When records matched, DOR provided the employer's name, address, federal identification number and any quarters in which the individual was employed by that firm during state FY08.

When an individual matched to more than one employer in a single quarter, the Division requested wage data to support an allocation methodology distributing a share of the employee's and dependent's costs across the multiple identified employers.

MassHealth members, Commonwealth Care members, and UCP/HSN users who could not be matched with DOR employment records due to the lack of a valid SSN were retained for inclusion in the self-reported employment analysis, as discussed further below.

Identifying Costs of Care

Once employees were identified through the DOR match and household information was compiled, the next step was to identify the costs of services provided to the household.

MassHealth Costs

MassHealth costs include all fee-for-service claims and capitated payments made to managed care organizations on behalf of employees and dependents. The cost of services reported does not reflect the volume or intensity of services actually provided to an enrolled individual.⁵ Costs associated with services provided by other state agencies, which are "passed through" MassHealth for purposes of federal reimbursement, were excluded from the analysis. In addition, lump sum payments to providers that were not claims-based and administrative costs incurred by MassHealth to operate the program were not included.

Commonwealth Care

Commonwealth Care costs include the state's portion of capitation payments made on behalf of a member. This value excludes any member payments such as premium share and copayments. In addition, contract settlements and the costs incurred by the Commonwealth Health Insurance Connector Authority to administer the program were excluded. The cost of services reported does not reflect the volume or intensity of services provided to an individual.⁶

Uncompensated Care Pool and Health Safety Net

This report includes both Uncompensated Care Pool (UCP) and Health Safety Net (HSN) costs in FY08. As part of health care reform, the Health Safety Net Office was established on October 1st, 2007 to administer a program to replace the UCP. This transition occurred largely in the first quarter of the fiscal year, meaning that the majority of costs identified in FY08 are from the HSN. As the HSN was not in place in FY06 or FY07, those years include only the UCP.

⁵ Once a member is enrolled in a capitated program, a monthly payment is made to the managed care plan representing an estimate of the average cost of services projected to be utilized per month by the average member.

⁶ See footnote 5.

Uncompensated Care Pool costs reported are the Division's estimates of the actual cost of services provided by hospitals and community health centers. Hospitals report charges to the UCP. For the costs in this report, those charges were multiplied by the hospital-specific cost-to-charge ratios applicable to the year of the data (i.e., reported charges for state FY06 were adjusted by the hospital FY06 cost-to-charge ratio and reported charges for state FY07 were adjusted by the projected hospital FY07 cost-to-charge ratio). The applicable Payment Adjustment Factor (PAF) was applied to community health center claims.

It is important to note that the UCP did not reimburse all of these estimated costs. Rather, hospitals were reimbursed according to a prospective payment system.

Health Safety Net costs reported are the amount paid to hospitals and community health centers for adjudicated claims submitted to the Health Safety Net Office during the time period. Costs include claims for low-income employees and dependents eligible for care through the HSN. Also included are services for employees and dependents that are awaiting enrollment in Commonwealth Care, MassHealth or a private plan. HSN may also provide supplemental coverage to a private or public plan for those eligible. ERBD and medical hardship claims are also included.

Aggregating Costs by Employer

Costs were assigned to employers by matching the quarter in which employment was reported to the quarter in which health care services were delivered to the employee and his/her dependents, where applicable.

Costs for individuals with more than one employer during a quarter were allocated to each employer on a pro-rated basis based on each employer's share of total wages paid during the quarter. Costs for dependents were similarly allocated.

For a household in which both "self" and "spouse" were DOR match employees, costs were allocated on a quarterly basis to each employee's employer based on that employer's share of the combined gross wages of both "self" and "spouse" for the quarter.

Identifying Employers with 50 or More Unique Employees

A firm is included in the analysis if the unique count of employees is at least 50, regardless of which program provided care. Individuals may be enrolled in more than one program during the fiscal year. In such cases, the unique number of individuals occurring across the three different public programs was used to identify Employers. For example, if an Employee accessed care through MassHealth and later in the fiscal year was enrolled in Commonwealth Care while employed, that individual would be counted once in MassHealth, once in Commonwealth Care, and only once in the total for determining whether the Employer met the criteria for inclusion in the report, i.e., had 50 or more Employees. An Employee with more than one Employer will be counted in each Employer's unique count. The sum of Employees in all firms identified in this analysis will therefore be greater than the overall count of individuals.

Those Employees with no claims during the fiscal year were excluded from the analysis unless they had dependents that incurred costs through one or more publicly subsidized programs during the same fiscal year.

Methodology for the Self-Reported Employment Group

To further estimate the total number of employed users of publicly subsidized care, the Division also examined information on individuals who could not be matched with DOR records due to the lack of a valid SSN. This methodology examined self-reported employment information and is consistent with the analytic approach of reports prepared for state FY05 and FY06.

If an Employee had both self-reported employment and was identified as working through the DOR match, the information collected through the DOR match was included in the analysis and the self-reported employment information was not used.

For this analysis, the Division was unable to identify dependents of those Employees who obtained care through the UCP. However, the Division was able to identify dependents of those employees who obtained care through the HSN.

Identifying Employees

For MassHealth and Commonwealth Care, information about an individual's work status may be self-reported at the time of application or it may be completed or updated during annual eligibility re-determinations. This information is recorded in the MA-21 eligibility system in the employer name field. It is the member's obligation to submit updates to MassHealth and Commonwealth Care when employment status changes, including employer name and amount of salary.

For the UCP and HSN, information on self-reported employment was taken from hospital claims obtained during the intake process. Community health center claims do not collect patient employment status, so they were not a source for this analysis.

Identifying Employers

The employer name field is a "free-text field," or one in which information can be entered without adhering to a particular format. Entries are limited only by the number of characters allocated by the database design and are not subject to validation. As a result, one employer name can have a number of different spellings. Of the 180,000 different employer names recorded in the free text field, less than 10% of the names appeared more than once as written.

Employees of a franchise may report the corporate name rather than the name of the franchise by which they are employed. Although the Division is able to identify some franchises in the self-reported analysis, many are grouped under a single name, creating the appearance of one large employer. In fact, many franchise owners own only one or two stores and are not likely to have 50 or more employees receiving publicly subsidized care. The franchise owner, not the franchisor corporation, determines health care benefits and other conditions of employment for individually

owned franchises. Similarly, employees of temporary staffing agencies may self-report that they are employed by the firm to which they have been assigned rather than by the temporary staffing agency.

Note that the DOR match process identifies the temporary staffing agency or the franchise owner as the employer. This explains why some employers that appear in the self-reported analysis do not appear in the DOR match.

A preliminary analysis of the most frequently occurring employer names in this file, using extensive research, pattern matching and visual inspection of the records, led to the creation of a standardized list of employer names.

Identifying Costs of Care

The same costs were included in self-reported methodology as in the DOR match methodology.

Aggregating the Cost of Care by Employer

No quarterly information is available for self-reported employees. For this analysis, the self-reported employer is assumed to be the employer for the entire year. All costs associated with employees and their dependents for the entire year were included in the analysis. Therefore, the costs of services provided for the entire year were allocated to the named employer in the MA-21 file because more detailed information is not available.

Identifying Employers with Fifty or More Employees

The number of employees working for each employer is determined by counting the unique recipient history numbers (RHN) across all programs. RHN is not available for those using the UCP and duplicates could not be identified. Therefore, an RHN may be counted twice for an employer if the individual used the UCP in addition to any of the other three programs during the fiscal year. The number of UCP users in state FY08 is small and the effect of possible double counting is not significant.

Results

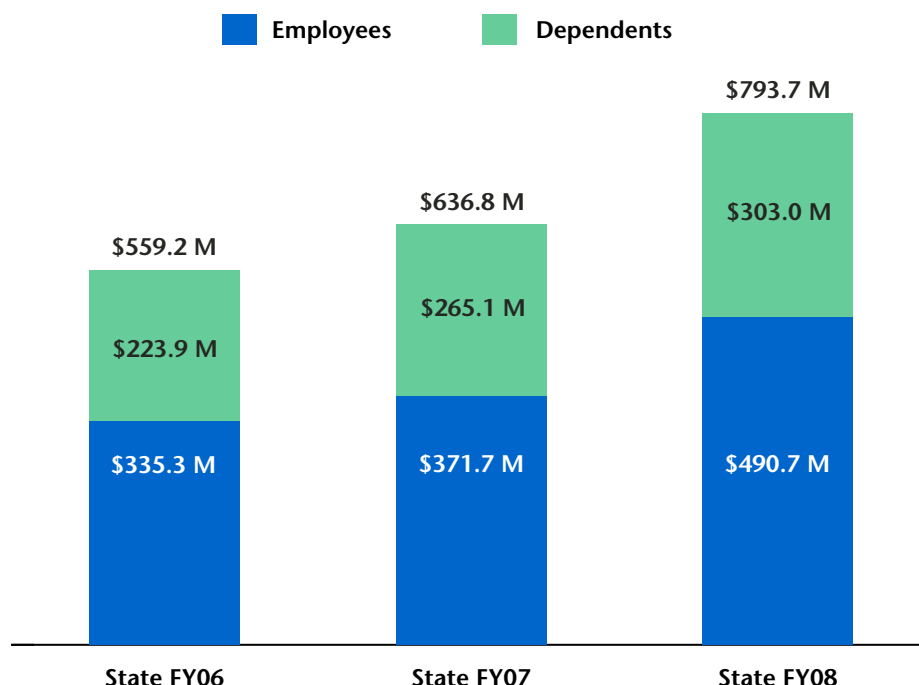
This section presents the combined results of the DOR match and the self-reported employment information. (Detailed tables presenting the combined analysis and the results of each individual methodology are presented in Appendix 1.) When reviewing these results, please bear in mind the aforementioned caveats, particularly:

DOR Match: SSN information was available for less than one half of the adults enrolled in MassHealth, and for just over half of UCP and HSN claims. Therefore, the DOR match results present only a subset of possible employment relationships for people accessing care through these programs. At the same time, nearly all eligibility records for Commonwealth Care members include SSNs; as a result, most Commonwealth Care employment information was obtained through the DOR match process. Exceptions occur due to SSN errors by the member or through data entry, resulting in an incorrect SSN that could not be matched with DOR data. While the DOR match process provides verified employer relationships by quarter for the majority of adults receiving publicly subsidized care, the number of people served and costs identified represent a lower-bound estimate.

Self-Reported Information: If a SSN is unavailable, or if DOR files do not report employment for an SSN, employment information is drawn from the MA-21 eligibility system. Employment information is self-reported in a free text field and cannot be verified. Individuals may incorrectly identify employers by reporting the corporate name of a franchise or the specific worksite while working for a temp agency and misspellings are common. While members are asked to update employer information whenever there are changes in employment status, this does not always happen. The information could be outdated, i.e., the member no longer works for that employer or has subsequently become employed with a different employer. In addition, since the employment information is only updated once a year, costs for the entire year were allocated to the self-reported employer when in fact that employer may not have employed the member for all quarters during the year. Finally, the Division was unable to identify household members associated with self-reported employees who accessed care through the UCP. The self-reported information may overstate the employer relationships and associated costs in some cases and understate it in others.

Combined Analysis Results

In state FY08, 302,137 Employees receiving publicly subsidized care were employed by 1,725 businesses in which more than 50 Employees obtained publicly subsidized health care. In addition, 230,018 dependents of these Employees also accessed publicly subsidized care. Total costs for Employees and dependents were over \$793.7 million, 61.8% (or \$490.7 million) for Employees, and 38.2% (or \$303.0 million) for dependents (see Figure 2).

Figure 2: Total Costs for Employees and Dependents

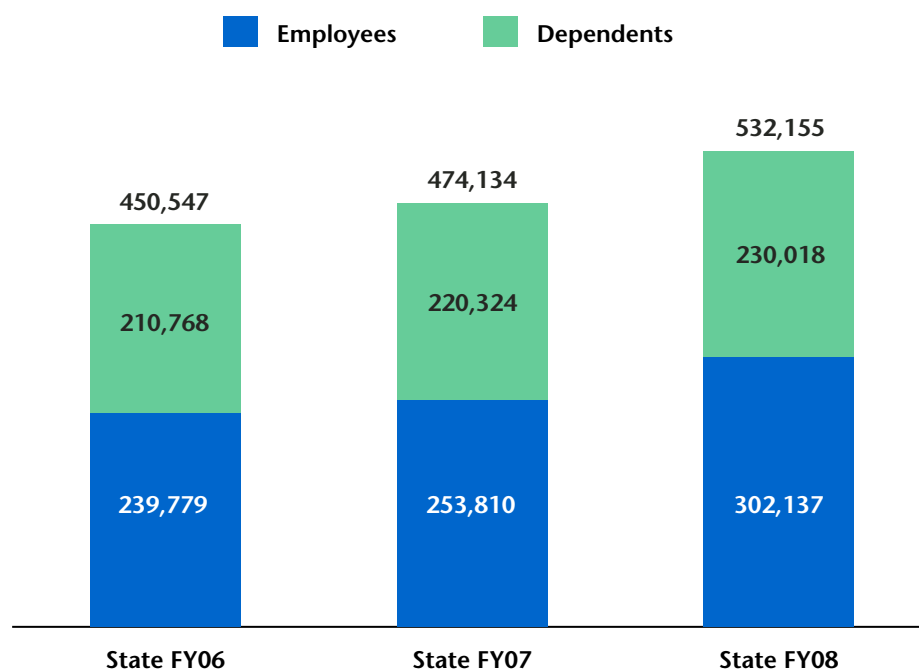
Percent Change			
	Employees	Dependents	Overall
State FY06 to State FY07	+10.8%	+18.4%	+13.9%
State FY07 to State FY08	+32.0%	+14.3%	+24.6%

Between state FY07 and state FY08, the total cost of services increased by 24.6%, driven mostly by costs for Employees, which increased by 32.0%, while costs for dependents increased by 14.3% (see Figure 2). The largest increase in spending was associated with the expansion of the Commonwealth Care program. Between state FY07 and state FY08, costs identified in this analysis increased by \$120.6 million. The number of Employees identified increased by 73,922, from 27,036 to 100,958 in state FY08.

Between state FY07 and state FY08, the total number of Employees increased by 19.0% and the total number of dependents increased by 4.4% (see Figure 3). The number of Employers identified in state FY07 compared to state FY08 increased by 17.0% from 1,474 in state FY07 to 1,725 in state FY08.⁷

⁷ The number of unduplicated Employers was 1,307 in state FY07 and 1,553 in state FY08, an increase of 18.8%.

Figure 3: Total Number of Employees and Dependents Using Care

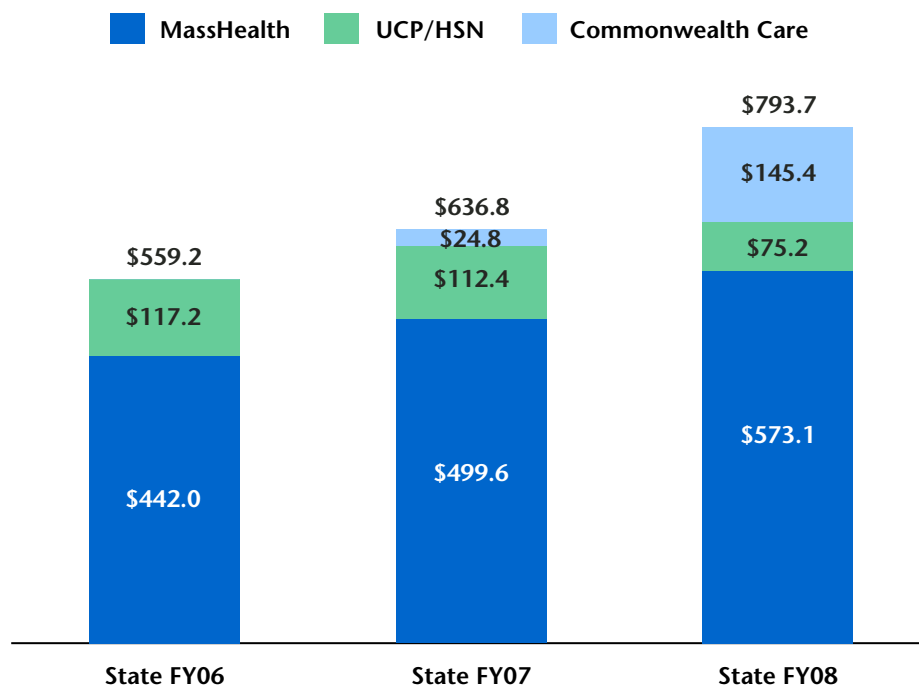


Percent Change			
	Employees	Dependents	Overall
State FY06 to State FY07	+5.9%	+4.5%	+5.2%
State FY07 to State FY08	+19.0%	+4.4%	+12.2%

Costs by Program

As depicted in Figure 4, most of the costs (\$573.1 million or 72.5%) for Employees and dependents combined were associated with the MassHealth program, with an additional \$75.2 million (or 9.5%) coming from the UCP and HSN, and \$145.4 million (or 18.3%) from Commonwealth Care.

Between state FY07 and state FY08, MassHealth expenditures grew by 14.7%, UCP and HSN expenditures declined by 33.1% and Commonwealth Care expenditures grew by 487.1% from a small amount in state FY07.

Figure 4: Total Expenditures by Program**Percent Change**

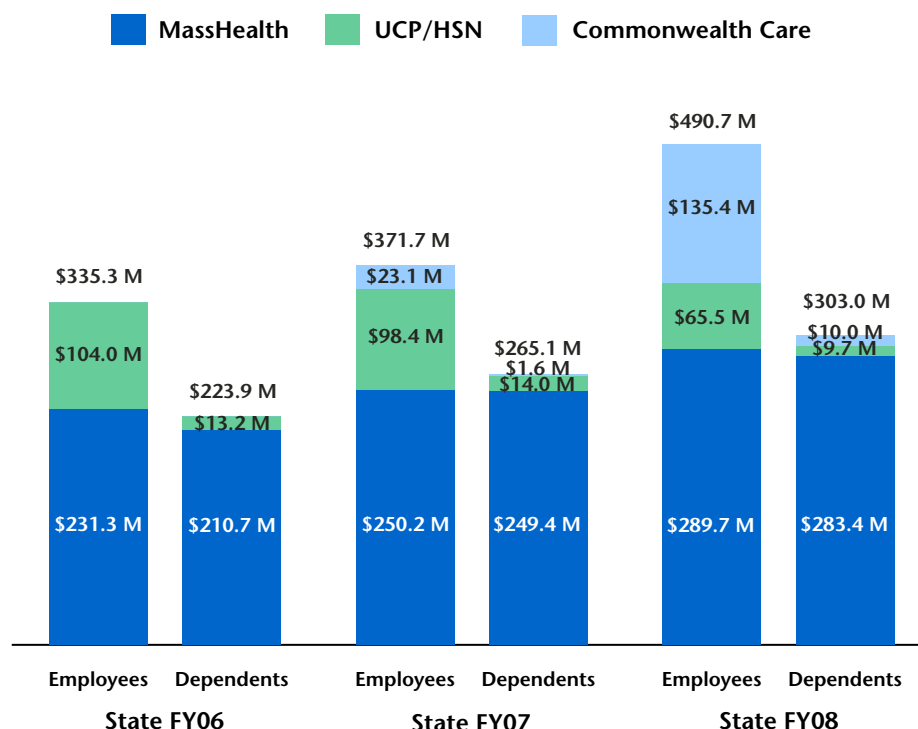
	MassHealth	UCP/HSN	CommCare	Overall
State FY06 to State FY07	+13.0%	-4.1%	-	+13.9%
State FY07 to State FY08	+14.7%	-33.1%	+487.1%	+24.6%

Of the total cost for Employees in state FY08, \$289.7 million (or 59.0%) was associated with the MassHealth program, \$65.5 million (13.4%) with the UCP and HSN, and \$135.4 million (or 27.6%) with Commonwealth Care (see Figure 5).

Of the total cost for dependents in state FY08, the vast majority (93.5%) was for MassHealth services, with \$283.4 million going to the MassHealth program. In addition, \$9.7 million (or 3.2%) was for services provided through the UCP and HSN and \$10.0 million (or 3.3%) through Commonwealth Care.

Total Employee costs increased 32.0% from state FY07 to state FY08, with costs increasing by 15.8% for MassHealth, decreasing by 33.4% for combined UCP and HSN and increasing by 485.4% for Commonwealth Care. Total costs for dependents increased by 14.3% from state FY07 to state FY08.

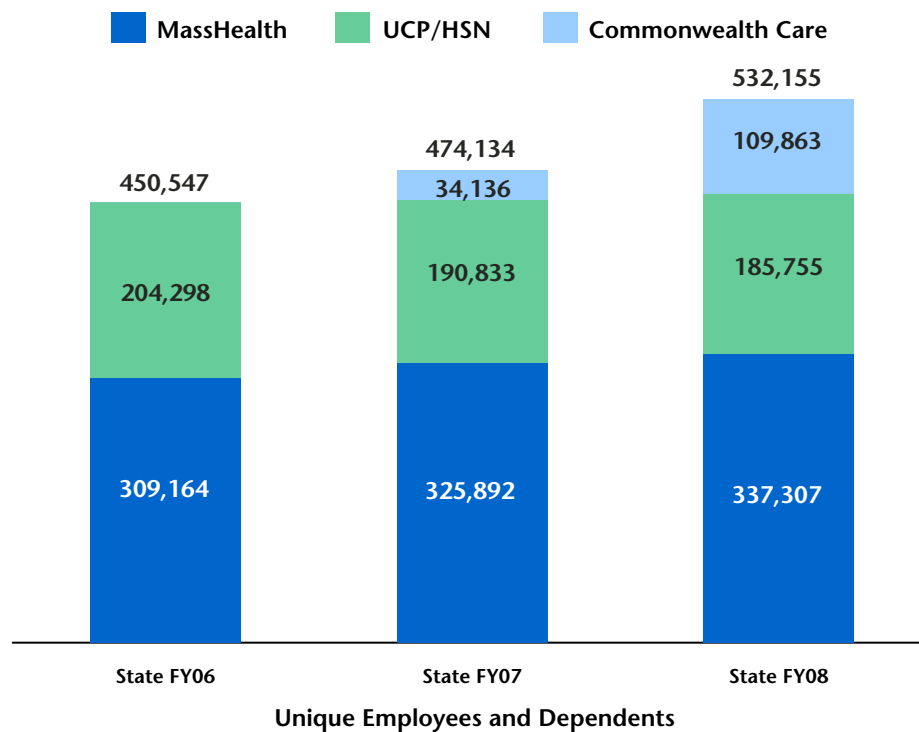
Figure 5: Total Costs for Employees and Dependents by Program



Number of People Served by Program

In state FY08, similar to the distribution of total costs, most Employees and dependents (337,307) were served by MassHealth, 185,755 accessed service through the UCP and HSN, and 109,863 were enrolled in Commonwealth Care (see Figure 6).

From state FY07 to state FY08, MassHealth Employees and dependents served grew by 3.5% overall, with Employees increasing by 6.6% and dependents growing by 1.0%. Employees served by the UCP and HSN declined by 11.0% and dependents increased by 10.9%. However, the increase in the number of dependents is misleading. The Division was unable to identify dependents using the UCP in FY07 in the self-reported analysis. Dependents were identified for HSN in FY08; therefore this report shows an increase in dependents that is greater than actual.

Figure 6: Number of Individuals Served in Each Program

Percent Change				
	MassHealth	UCP/HSN	CommCare	Overall
State FY06 to State FY07	+5.4%	-6.6%	-	+5.2%
State FY07 to State FY08	+3.5%	-2.7%	+221.8%	+12.2%

Note: The number of unique individuals served is less than sum of the number served by each program because some individuals were served by more than one program in a given state fiscal year.

Firms with 50 or More DOR Match Employees

The DOR match process identified \$669.2 million in state FY08, compared to \$539.3 million in state FY07, an increase of 24.1%. The number of Employers identified as having increased from 1,307 in state FY07 to 1,553 in state FY08, representing an 18.8% increase.

Appendix 2 shows the detailed DOR match results by Employer for state FY08. The attachment lists Employers who had 50 or more Employees receiving publicly subsidized care during state FY08. The list is sorted in descending order according to the total number of unique Employees who accessed services from MassHealth, UCP/HSN, or Commonwealth Care.

The top 25 firms in state FY08 account for \$132.5 million (or 19.8%) of the total expenditures identified through the DOR match methodology. In state FY07, these same 25 firms accounted for

\$105.4 million (or 19.5%) of total expenditures identified through the DOR match methodology (see Figure 7 on page 20).

The list of the top 25 Employers remained relatively consistent for both years.

Firms with 50 or More Employees Identified through Self-Reported Employment Data

The self-reported employment analysis identified \$124.5 million in state FY08 compared to \$97.5 million in state FY07, an increase of 27.7%. The number of firms identified as having 50 or more Employees using publicly subsidized care increased from 167 firms in state FY07 to 172 in state FY08, representing a 13.0% increase. Significant improvements were made in the process of identifying and consolidating employer names with multiple spellings, which may account for some of the increase in costs and firms in state FY08.

Appendix 3 shows detailed self-reported employment results by Employer for state FY08. These attachments list Employers who had 50 or more Employees receiving publicly subsidized care during state FY08. The list is sorted in descending order according to the total number of unique Employees who accessed services from MassHealth, UCP/HSN, or Commonwealth Care. Information on dependents' use of the UCP is unavailable because this information could not be obtained through the self-reported employment information methodology. Duplicates may exist in unique UCP users. However, the number of UCP users in state FY08 is small and the effect of possible double counting is not significant.

The top 25 firms by number of Employees in state FY08 account for \$59.1 million (or 47.4%) of the total expenditures identified through the self-reported employment methodology. In state FY07, these same 25 firms account for \$42.8 million (or 43.9%) of the total expenditures identified through the self-reported employment methodology (see Figure 8 on page 21).

The top 25 Employers were relatively consistent for both years, with the top six in precisely the same order both years. Wal-Mart and S&S Credit (Stop & Shop) were in the top four for both the self-reported employer information and the DOR match methodology. As Dunkin' Donuts and McDonald's are both largely franchised, it is likely that Wal-Mart and S&S Credit are in the top two for self-reported employment, similar to the findings of the DOR match.

Figure 7: Top 25 Employers with 50+ Employees Using Publicly Subsidized Care DOR Match (sorted by state FY08 total employees)

Employer	2008				2007			
	Total Employees	Total Employee Costs	Total Cost for Employees and Dependents	2008 Rank	Total Employees	Total Employee Costs	Total Cost for Employees and Dependents	2007 Rank
Wal-Mart Associates Inc	4,796	\$9,272,089	\$15,507,272	1	5,021	\$7,891,073	\$13,926,081	1
S&S Credit Co Inc (Stop & Shop)	4,731	\$9,095,405	\$13,061,744	2	3,868	\$5,833,130	\$8,694,020	2
Commonwealth of Massachusetts	3,785	\$7,084,078	\$10,433,401	3	3,320	\$5,463,719	\$8,567,953	3
Labor Ready Northeast Inc	3,716	\$5,505,278	\$6,110,824	4	1,654	\$1,760,803	\$1,985,075	14
Unicco Service Co Inc ⁸	2,856	\$3,235,343	\$6,116,927	5	1,820	\$2,595,323	\$5,765,585	9
Target Corporation	2,479	\$3,578,884	\$5,650,746	6	2,286	\$3,223,606	\$5,265,968	6
May Department Stores Co	2,385	\$3,715,362	\$5,637,613	7	2,364	\$3,050,404	\$4,711,943	4
Shaw's Supermarket Inc	2,334	\$4,691,382	\$6,946,332	8	2,301	\$4,065,902	\$6,336,329	5
Demoulas Supermarkets Inc	2,281	\$4,291,891	\$6,365,515	9	1,899	\$3,100,377	\$4,823,635	8
Mass CVS Pharmacy LLC	2,276	\$4,457,825	\$7,016,430	10	1,379	\$1,743,356	\$2,816,193	16
Friendly Ice Cream Corp	1,952	\$3,295,850	\$4,963,681	11	1,755	\$2,618,776	\$4,071,206	12
Vedior North America LLC	1,944	\$1,778,069	\$2,990,512	12	1,929	\$1,432,254	\$2,455,030	7
Kelly Services Inc	1,931	\$2,308,606	\$3,506,244	13	1,216	\$1,390,116	\$2,101,820	17
Adecco CS Inc	1,872	\$2,343,507	\$3,578,561	14	1,695	\$1,745,199	\$2,833,008	13
City of Boston	1,731	\$4,024,357	\$6,806,113	15	1,803	\$3,905,536	\$6,568,527	10
Home Depot USA Inc	1,689	\$2,824,458	\$4,667,656	16	1,757	\$2,737,241	\$4,440,412	11
Papa Gino's Inc	1,652	\$2,609,047	\$4,051,057	17	1,459	\$1,853,202	\$2,862,108	15
Debbie's Staffing Services Inc	1,426	\$2,059,099	\$3,177,537	18	1,088	\$1,422,814	\$2,561,507	23
United Parcel Service Inc	1,370	\$1,565,887	\$2,093,732	19	1,176	\$1,061,361	\$1,610,457	19
Sears Roebuck & Co	1,356	\$2,220,350	\$3,155,928	20	1,105	\$1,480,488	\$2,228,567	22
Diamond Staffing Inc	1,243	\$1,374,698	\$2,020,189	21	1,156	\$1,027,226	\$1,537,661	20
Walgreen Eastern Co Inc	1,181	\$1,993,720	\$3,091,688	22	1,070	\$1,824,458	\$3,208,745	25
Wendy's Old Fash Hamburger	1,176	\$1,898,904	\$3,062,258	23	902	\$1,121,470	\$1,935,772	28
Cumberland Farms Inc	1,094	\$1,513,554	\$2,476,404	24	991	\$1,329,801	\$2,167,967	26
Pomerantz PPS LLC	1,087	\$1,181,587	\$1,694,949	25	1,195	\$1,171,099	\$1,883,624	18
Total	54,343	\$87,919,231	\$132,488,366		46,209	\$64,848,736	\$105,359,194	

⁸ In state FY08, Unicco Service Company began reporting under two separate employer federal identification codes. In this table the two identification codes are combined. See Appendix 2 for additional details.

Figure 8: Top 25 Employers with 50+ Employees Using Publicly Subsidized Care Self-Reported Employment (sorted by state FY08 total employees)⁹

Employer	2008				2007			
	Total Employees	Total Employee Costs	Total Cost for Employees and Dependents	2008 Rank	Total Employees	Total Employee Costs	Total Cost for Employees and Dependents	2007 Rank
Dunkin' Donuts	1,950	\$4,477,543	\$7,760,700	1	1,850	\$4,179,300	\$6,950,393	1
McDonald's Restaurant	1,775	\$3,547,552	\$6,600,292	2	1,324	\$2,682,656	\$4,985,288	2
S&S Credit Co (Stop & Shop)	1,326	\$4,731,250	\$6,114,141	3	1,189	\$3,717,229	\$4,833,563	3
Wal-Mart Associates Inc	921	\$2,864,334	\$4,132,207	4	767	\$1,997,392	\$2,933,910	4
Burger King Corp	771	\$1,871,314	\$2,951,705	5	593	\$1,247,051	\$2,952,616	5
Unicco Service Co Inc	730	\$1,190,892	\$2,275,704	6	536	\$944,529	\$1,594,067	6
Demoulas Supermarkets Inc	675	\$1,858,833	\$2,775,701	7	247	\$506,706	\$985,650	18
May Department Stores	623	\$1,452,269	\$2,326,540	8	208	\$414,446	\$559,408	27
Shaw's Supermarkets Inc	589	\$1,758,892	\$2,386,375	9	472	\$1,384,605	\$1,935,889	7
Wendy's Old Fash Hamburgers	562	\$1,138,249	\$1,901,331	10	449	\$788,002	\$1,404,678	8
Mass CVS Pharmacy, LLC	455	\$1,618,751	\$2,460,227	11	446	\$1,551,953	\$2,345,171	9
Papa Gino's Inc	452	\$1,288,057	\$1,805,817	12	235	\$525,760	\$833,926	20
General Hospital Corp	417	\$760,508	\$1,268,702	13	202	\$286,668	\$442,337	29
UMass	416	\$997,169	\$1,466,374	14	327	\$647,681	\$941,999	11
Friendly Ice Cream Corp	375	\$991,485	\$1,596,546	15	317	\$663,995	\$1,102,871	12
99 West Inc	372	\$764,284	\$1,230,532	16	221	\$360,233	\$789,107	22
City of Boston	349	\$875,853	\$1,158,561	17	221	\$595,113	\$739,116	23
Target Corporation	343	\$847,307	\$1,420,710	18	225	\$625,593	\$946,095	21
Aramark Inc	341	\$659,596	\$960,973	19	305	\$621,923	\$920,928	14
American Cleaning Co Inc	336	\$483,483	\$918,754	20	216	\$335,560	\$626,265	24
TJX Companies Inc	308	\$674,977	\$1,047,500	21	195	\$527,164	\$866,325	32
Home Depot USA Inc	297	\$858,531	\$1,167,098	22	286	\$576,153	\$846,203	15
Janitronics Inc	292	\$730,819	\$1,218,217	23	240	\$571,631	\$980,053	19
US Postal Service	283	\$586,661	\$891,257	24	269	\$482,275	\$727,900	16
EDA Select Temporaries Inc	272	\$666,153	\$1,226,005	25	155	\$314,571	\$571,774	42
Total	15,230	\$37,694,761	\$59,061,966		11,495	\$26,548,189	\$42,815,533	

⁹ Employees of a franchise may report the corporate name rather than the name of the franchise by which they are employed. Many franchises in the self-reported analysis are grouped under a single name, creating the appearance of one large employer.

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Appendix 1

Summary Data

Combined DOR Match and Self-Reported Employment

**Summary of Combined Results of DOR Match and Self-Reported Employment
Number and Costs of Employees and Dependents**

Combined Summary: DOR + Self-Reported		FY06 DOR Match + Self	FY07 DOR Match + Self	FY08 DOR Match + Self	Change FY07 to FY08	% Change FY07 to FY08
All Programs	Number of Employers	1,390	1,474	1,725	251	17.0%
	Total Employees	239,779	253,810	302,137	48,327	19.0%
	Total Dependents	210,768	220,324	230,018	9,694	4.4%
	Total Served	450,547	474,134	532,155	58,021	12.2%
	Total Employee Costs	\$335,320,915	\$371,702,209	\$490,708,466	\$119,006,257	32.0%
	Total Dependent Costs	\$223,862,811	\$265,061,584	\$303,000,692	\$37,939,108	14.3%
Total Cost For Employees and Dependents		\$559,183,725	\$636,763,792	\$793,709,157	\$156,945,365	24.6%
MassHealth	Employees	141,516	147,033	156,679	9,646	6.6%
	Dependents	167,648	178,859	180,628	1,769	1.0%
	Total MassHealth Served	309,164	325,892	337,307	11,415	3.5%
	Employee Costs	\$231,311,125	\$250,159,043	\$289,749,328	\$39,590,285	15.8%
	Dependent Costs	\$210,656,159	\$249,433,365	\$283,376,614	\$33,943,249	13.6%
	Total MassHealth Costs	\$441,967,285	\$499,592,408	\$573,125,942	\$73,533,534	14.7%
Total Free Care UCP+HSN	Employees	125,659	118,366	105,398	(12,968)	-11.0%
	Dependents	78,639	72,467	80,357	7,890	10.9%
	Total UCP and HSN Served	204,298	190,833	185,755	(5,078)	-2.7%
	Employee Costs	\$104,009,789	\$98,408,941	\$65,523,446	(\$32,885,495)	-33.4%
	Dependent Costs	\$13,206,652	\$13,995,038	\$9,666,223	(\$4,328,815)	-30.9%
	Total Free Care/UCP/HSN Costs	\$117,216,441	\$112,403,979	\$75,189,669	(\$37,214,310)	-33.1%
Commonwealth Care	Employees		27,036	100,958	73,922	273.4%
	Dependents		7,100	8,905	1,805	25.4%
	Total Commonwealth Care Served		34,136	109,863	75,727	221.8%
	Employee Costs		\$23,134,225	\$135,435,692	\$112,301,467	485.4%
	Dependent Costs		\$1,633,181	\$9,957,855	\$8,324,674	509.7%
	Total Commonwealth Care Costs		\$24,766,745	\$145,393,546	\$120,626,801	487.1%

**Summary of DOR Match
Number and Costs of Employees and Dependents**

DOR Match Summary		FY06 DOR Match	FY07 DOR Match	FY08 DOR Match	Change FY07 to FY08	% Change FY07 to FY08
All Programs	Number of Employers	1,263	1,307	1,553	246	18.8%
	Total Employees	216,308	228,586	270,100	41,514	18.2%
	Total Dependents	196,875	206,269	205,828	(441)	-0.2%
	Total Served	413,183	434,855	475,928	41,073	9.4%
	Total Employee Costs	\$275,885,477	\$310,531,426	\$410,379,194	\$99,847,768	32.2%
	Total Dependent Costs	\$190,949,148	\$228,767,173	\$258,821,814	\$30,054,641	13.1%
Total Cost For Employees and Dependents		\$466,834,624	\$539,298,598	\$669,201,007	\$129,902,409	24.1%
MassHealth	Employees	129,400	135,433	143,987	8,554	6.3%
	Dependents	153,755	164,934	166,428	1,494	0.9%
	Total MassHealth Served	283,155	300,367	310,415	10,048	3.3%
	Employee Costs	\$183,345,992	\$202,810,233	\$233,644,206	\$30,833,973	15.2%
	Dependent Costs	\$177,742,496	\$213,240,548	\$241,795,045	\$28,554,497	13.4%
	Total MassHealth Costs	\$361,088,489	\$416,050,781	\$475,439,251	\$59,388,470	14.3%
Total Free Care UCP+ HSN	Employees	114,304	105,970	86,573	(19,397)	-18.3%
	Dependents	78,639	72,467	66,955	(5,512)	-7.6%
	Total UCP and HSN Served	192,943	178,437	153,528	(24,909)	-14.0%
	Employee Costs	\$92,539,484	\$86,530,472	\$51,610,987	(\$34,919,485)	-40.4%
	Dependent Costs	\$13,206,652	\$13,995,038	\$7,642,537	(\$6,352,501)	-45.4%
	Total Free Care/UCP/HSN Costs	\$105,746,136	\$100,525,510	\$59,253,524	(\$41,271,986)	-41.1%
Commonwealth Care	Employees		25,603	96,540	70,937	277.1%
	Dependents		6,814	8,578	1,764	25.9%
	Total Commonwealth Care Served		32,417	105,118	72,701	224.3%
	Employee Costs		\$21,190,720	\$125,124,000	\$103,933,280	490.5%
	Dependent Costs		\$1,531,587	\$9,384,232	\$7,852,645	512.7%
	Total Commonwealth Care Costs		\$22,722,307	\$134,508,232	\$111,785,925	492.0%

**Summary of Self-Reported Employment
Number and Costs of Employees and Dependents**

Self-Reported Summary		FY06 Self-Reported	FY07 Self-Reported	FY08 Self-Reported	Change FY07 to FY08	% Change FY07 to FY08
All Programs	Number of Employers	154	167	172	5	3.0%
	Total Employees	23,471	25,224	32,037	6,813	27.0%
	Total Dependents	13,893	14,055	24,190	10,135	72.1%
	Total Served	37,364	39,279	56,227	16,948	43.1%
	Total Employee Costs	\$59,435,438	\$61,170,783	\$80,329,272	\$19,158,489	31.3%
	Total Dependent Costs	\$32,913,663	\$36,294,411	\$44,178,878	\$7,884,467	21.7%
Total Cost For Employees and Dependents		\$92,349,101	\$97,465,194	\$124,508,150	\$27,042,956	27.7%
MassHealth	Employees	12,116	11,600	12,692	1,092	9.4%
	Dependents	13,893	13,925	14,200	275	2.0%
	Total MassHealth Served	26,009	25,525	26,892	1,367	5.4%
	Employee Costs	\$47,965,133	\$47,348,810	\$56,105,121	\$8,756,311	18.5%
	Dependent Costs	\$32,913,663	\$36,192,817	\$41,581,570	\$5,388,753	14.9%
Total MassHealth Costs		\$80,878,796	\$83,541,627	\$97,686,691	\$14,145,064	16.9%
Total Free Care UCP+HSN	Employees	11,355	12,396	18,825	6,429	51.9%
	Dependents		NA	13,402	13,402	NA
	Total UCP and HSN Served	11,355	12,396	32,227	19,831	160.0%
	Employee Costs	\$11,470,305	\$11,878,469	\$13,912,459	\$2,033,990	17.1%
	Dependent Costs		NA	\$2,023,686	\$2,023,686	NA
Total Free Care/UCP/HSN Costs		\$11,470,305	\$11,878,469	\$15,936,145	\$4,057,676	34.2%
Commonwealth Care	Employees		1,433	4,418	2,985	208.3%
	Dependents		286	327	41	14.3%
	Total Commonwealth Care Served		1,719	4,745	3,026	176.0%
	Employee Costs		\$1,943,505	\$10,311,692	\$8,368,187	430.6%
	Dependent Costs		\$101,594	\$573,622	\$472,028	464.6%
Total Commonwealth Care Costs			\$2,044,438	\$10,885,314	\$8,840,876	432.4%